

Please write clearly in block capitals.

Centre number

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Candidate number

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Surname

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Forename(s)

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Candidate signature

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I declare this is my own work.

INTERNATIONAL GCSE BUSINESS

Paper 2 Influences of marketing and finance on business activity

Friday 25 October 2024

07:00 GMT

Time allowed: 2 hours

Materials

For this paper you must have:

- a calculator, which you are expected to use where appropriate.

Instructions

- Use black ink or black ball-point pen.
- Fill in the boxes at the top of this page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- If you need extra space for your answer(s), use the lined pages at the end of this book. Write the question number against your answer(s).
- All calculations must be shown.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 90.

Advice

You may use a bilingual dictionary.

For Examiner's Use	
Question	Mark
1–9	
10	
11	
TOTAL	



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Section A

Answer **all** questions in the spaces provided.

For multiple-choice questions, only **one** answer per question is allowed.

For each question completely fill in the circle alongside the appropriate answer.

CORRECT METHOD



WRONG METHODS



If you want to change your answer you must cross out your original answer as shown.



If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown.



0 1

Which **one** is a benefit of operating as a sole trader rather than being in a partnership?

[1 mark]

A It is quicker to make decisions.

☐

B More funding will be available.

☐

C The business has limited liability.

☐

D There is likely to be a greater range of skills.

☐

0 2

A business has a cash flow problem. This means that...

[1 mark]

A it must be making a loss.

☐

B its revenue is high.

☐

C suppliers' prices are low.

☐

D there is not enough money to pay bills.

☐


0 3Which **one** of these is designed to protect consumers?**[1 mark]**

- A** Having a minimum wage law ☐
- B** Making sure products are safe to use ☐
- C** Providing workers with protective clothing ☐
- D** Requiring breaks during the working day ☐

0 4Which **one** is an example of qualitative market research?**[1 mark]**

- A** Counting the number of people using a competitor's shop ☐
- B** Giving out questionnaires ☐
- C** Meeting with a focus group ☐
- D** Researching the prices charged by competitors ☐

0 5Which **one** is true about Islamic banks?**[1 mark]**

- A** Interest should not be charged. ☐
- B** Internet banking is not permitted. ☐
- D** Savings accounts are not available. ☐
- C** They do not have any managers. ☐

Turn over for the next question**Turn over ►**

0 6State any **two** stages in the product life cycle.**[2 marks]**

Stage 1 _____

Stage 2 _____

0 7

Explain what is meant by a 'gap in the market'.

[2 marks]

0 8Explain **one** benefit to a business of using its retained profit to fund a new investment.**[2 marks]**



0 9

Explain **two** benefits to a business from having a strong brand.**[4 marks]**

Benefit 1 _____

Benefit 2 _____

15**Turn over for Section B****Turn over ►**

Section BAnswer **all** questions in the spaces provided.**1 0****Item A – Kojo, a fisherman from Ghana**

Kojo is 50 years old and has spent his life working on fishing boats in Ghana, West Africa. The work involves long hours at sea in often dangerous conditions. Kojo is paid the minimum hourly wage of 15 Ghanaian cedi (GHC). He earns about 30 000 GHC a year (about US \$2500). He is not paid if the weather is too bad to take boats out to sea. There is a lot of unemployment in the fishing industry and workers are often willing to work for less than the legal minimum wage.

Kojo's employer has decided to sell his boat so he can retire. Kojo has always wanted to run his own business. The owner has offered to sell the boat to Kojo for 75 000 GHC. This is much less than another buyer would have to pay. The boat must be fully paid for within 3 years; otherwise Kojo would have to pay an additional 15 000 GHC. Kojo realises that it is unlikely that he could get a bank loan. He would have to pay for the boat from the revenue he receives from selling the fish he catches.

Kojo forecasts his monthly costs and revenue. These are shown in **Table 1**.

Table 1 – Kojo's forecast monthly costs and revenue.

	GHC each month
Two workers' wages (2500 GHC each)	5 000
Fuel for boat	1 500
Boat repayment	2 000
Average monthly revenue from the sale of fish	12 000



1 0 . 1

Using **Item A**, explain **one** objective that Kojo might set for his business.**[3 marks]**

1 0 . 2

Using an example from **Table 1**, explain the meaning of variable costs.**[3 marks]**

1 0 . 3

Using **Table 1**, calculate how much profit Kojo expects to make in a year.**[3 marks]**

Answer _____ GHC

Question 10 continues on the next page

Turn over ►



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Explain **two** reasons why Kojo would find it difficult to get a loan from a bank.

[6 marks]

Reason 1 _____

Reason 2 _____



Question 10 continues on the next page

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Turn over ►



The fish that the Ghanaian fishermen catch are sold to a wholesaler at the fishing port. The wholesalers then transport the fish to cities where they are sold to retailers, who then sell the fish to the public.

Kojo has decided that if he does buy the boat, he will run his business ethically.

Analyse why Ghanaian fishermen choose to sell their fish to a wholesaler.

[illegible]

Kojo will behave ethically when running his business. Analyse **one** way behaving ethically might cause Kojo's profits to fall.

[illegible]

Kojo is still unsure whether he should buy the boat and start his own fishing business.

- analyse the arguments both for and against Kojo starting a business
- use your analysis to recommend whether Kojo should set up his own fishing business.

[12 marks]

[illegible]

[illegible]

39

Section C

Answer **all** questions in the spaces provided.

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Item C – Traditional Carpets (TC)

Traditional Carpets (TC) is an Egyptian retailer of hand-made carpets. The business has a strong brand image within the luxury carpet market. TC does not make the carpets, but buys them from small workshops. These workshops use traditional methods to make the carpets and use centuries-old designs. Highly skilled workers take a long time to make each carpet.

Most of TC's customers live in wealthy nations in Europe and North America. The customers can afford to pay high prices for the carpets. TC pays the workshops about a quarter of the selling price for each carpet.

Despite its strong brand, TC has recently noticed a fall in its profits.

Table 2 – Extracts from income statement for TC.

	2022 (million EGP)	2023 (million EGP)
Revenue	16 000	13 750
Cost of sales	4 500	5 000
Gross Profit	11 500	8 750
Expenses	3 250	3 000
Net Profit Margin	51.6%	

All values are million Egyptian pounds (EGP)



1 1 . 1

Using **Table 2**, calculate TC's net profit margin for 2023. Give your answer as a percentage to one decimal place.

[3 marks]

Answer _____ %

1 1 . 2

TC buys 12 carpets from a workshop for 210 000 EGP and intends to sell them in the USA for four times the cost of buying them.

Calculate the average profit from selling each carpet in the USA.

[3 marks]

Answer _____ EGP

Question 11 continues on the next page

Turn over ►

TC has a yearly promotion budget of 1000 million EGP. Most of this budget goes on weekly 30-second advertisements on American morning television. The advertisements show photographs of the carpets and give brief details of where they can be bought in the USA.

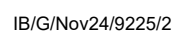
1 1 . 3 Analyse why TC's promotion strategy might not be producing enough additional sales. **[6 marks]**

[illegible]

Analyse how TC's profits might be affected if there is a large rise in the value of the Egyptian Pound against the US dollar.

[illegible]

Turn over ►



Item E

TC has been looking at ways to broaden its market by selling less expensive carpets. TC has the opportunity to buy a computer-controlled machine that produces carpets quickly. It allows customers to design their own patterns and can even copy photographs onto the carpets. TC believes that there may be a demand for cheaper carpets with personal designs.

The finance manager has researched the effects of introducing the new machine. He estimates that the break-even output will be 3000 carpets each month. He has not done any formal market research on what price competitors charge for their machine-made carpets. He hopes that the demand for TC's cheaper carpets will be about 4000 carpets each month.

1	1	5
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Explain **one** advantage and **one** disadvantage to TC of using break-even analysis to help decide whether to buy the new machine.

[6 marks]

Advantage _____

Disadvantage _____



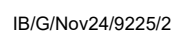
TC is considering increasing its product portfolio by also selling cheaper, machine-made carpets that customers can design for themselves.

- analyse the arguments both for and against TC moving into this new market
- use your analysis to recommend whether TC should start to make these cheaper carpets with customers' designs.

[illegible]

[illegible]

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[illegible]